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STATE DOCUMENTS

Montana

Department of Administration

Annual Report To The Governor

Fiscal Year 1973



Doyle B. Saxby
Director

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STATE OF MONTANA
DEPARTMENT OF ADMINISTRATION
HELENA 59601
October 11, 1973

Honorable Thomas L. Judge
Governor of Montana
Capitol Building
Helena, Montana 59601

Dear Governor Judge:

In accordance with the requirements of Section 82-4002, R.C.M. 1947, there is herewith transmitted to you the report of the Department of Administration covering the fiscal year ended June 30, 1973.

Major accomplishments during the year are summarized as follows:

- Completed implementation of the Statewide Budgeting and Accounting System on July 1, 1972.
- Published the State's first annual financial statement.
- Prepared for the Governor a "taxpayers'" budget.
- Conducted a comprehensive study of, and published a report on, the communications facilities and systems used by Montana State Government.
- Substantially increased the use and effectiveness of the Department's computer center.
- Established a centralized "employment clearing house" for the State.
- Developed a State Capitol Complex Planning Study in cooperation with the Capitol Planning Commission.

Respectfully yours,

A handwritten signature in black ink that reads "Doyle B. Saxby".

Doyle B. Saxby
DIRECTOR

TABLE OF CONTENTS

Principal Officers and Offices	1
Legal References	2
Principal Goal	3
Major Accomplishments	3
Program Goals, Objectives, and Achievements	3
Program Cost Summary	12

PRINCIPAL OFFICERS AND OFFICES

PRINCIPAL OFFICERS

DIRECTOR (1)

Doyle B. Saxby, CPA

DEPUTY DIRECTOR (1)

Jack C. Crosser

ADMINISTRATIVE SERVICES DIVISION

Division Administrator

Vacant

Communications Bureau Chief (5)

Russell Roy

Data Processing Bureau Chief (2)

Troy W. McGee

Purchasing Bureau Chief (1)

Harold F. Weggenman

CONSTRUCTION AND MAINTENANCE DIVISION

Division Administrator (3)

Philip A. Hauck, AIA

Architecture and Engineering Bureau Chief (3)

Clarence R. Hester

General Services Bureau (1)

V. Harrison Lowe

FINANCE DIVISION

Division Administrator (1)

Ron Near

Accounting Bureau Chief (1)

Terry J. Cannon

Budget Bureau Chief (2)

William R. Palmer

Management Systems Bureau Chief (7)

Rod Sager

INVESTMENT DIVISION

Division Administrator (1)

James R. Howeth

PERSONNEL DIVISION

Division Administrator (4)

Lee J. Tickell

Personnel Bureau Chief (4)

Bob Jensen

Merit System Bureau Chief (4)

Melvin P. Martinson

PUBLIC EMPLOYEES' RETIREMENT DIVISION

Division Administrator (6)

Lawrence P. Nachtsheim

TEACHERS' RETIREMENT DIVISION

Division Administrator (3)

Owen L. Morris, Jr.

PRINCIPAL OFFICES

(1) State Capitol	Helena, Montana	59601
(2) Sam W. Mitchell Building	Helena, Montana	59601
(3) 1500 East Sixth Avenue	Helena, Montana	59601
(4) 1218 East Sixth Avenue	Helena, Montana	59601
(5) 1710 Ninth Avenue	Helena, Montana	59601
(6) 1712 Ninth Avenue	Helena, Montana	59601
(7) 1228 Eleventh Avenue	Helena, Montana	59601

ATTACHED FOR ADMINISTRATIVE PURPOSES ONLY

Board of Examiners (ex officio Board of Prison Commissioners)

Depository Board

Board of Investments

Merit System Council

Board of Administration

Teachers' Retirement Board

LEGAL REFERENCES

The statutes relating to the operations of the Department of Administration are, for the most part, contained in the following sections of the 1947 Revised Codes of Montana:

Title 69, Chapter 21	Statewide Building Construction Standards
Title 79, Chapter 10	State Budget Act
Title 79, Chapter 24	State Board of Review
Title 79, Chapter 25	Emergency and Disaster Fund
Title 82, Chapter 1	State Controller
Title 82, Chapter 19	Purchasing Department and Agent
Title 82, Chapter 33	Department of Administration
Title 82A, Chapter 2	Department of Administration

The Executive Reorganization Act, Title 82A, Chapter 2, abolished the Department of Administration and its units as found in the above statutes and transferred the functions to a newly created Department of Administration (except for functions pertaining to the building construction standards, which are to be transferred to the Department of Law Enforcement and Public Safety). The Executive Reorganization Act transferred some of the duties previously administered by the Board of Examiners and Board of State Prison Commissioners to the new Department of Administration. In addition, the Board of Examiners, Board of State Prison Commissioners, State Depository Board, Merit System Council, Board of Administration, Teachers' Retirement System, and the newly created Board of Investments were transferred to the new Department of Administration for administrative purposes only.

Recent court action affecting the Department of Administration concerns Attorney General Opinion Number 2, Volume Number 35, dated January 17, 1973. Pursuant to this opinion, the Department of Administration is not required by law to hold hearings before acting under Title 82, Chapters 1, 19, and 33, R.C.M. 1947, and that when carrying out its prescribed functions under said chapters, it is not an agency as defined in Section 82-4202(1), R.C.M. 1947. The Attorney General's Opinion has been further interpreted to mean that the Department of Administration does not have the authority to adjudicate contested cases or to issue declaratory rules.



DEPARTMENT OF ADMINISTRATION

PRINCIPAL GOAL

To provide timely, responsible, efficient, and effective centralized administrative leadership to all State agencies.

MAJOR ACCOMPLISHMENTS

MAINTAINED AND PERFECTED THE STATEWIDE BUDGETING AND ACCOUNTING SYSTEM

Features of the system were maintained, refined as needed, and new features implemented. New features include automated closing entries, automated accrual control, subsidiary detail ledger accounting capabilities for an entity's cash in the State Treasury, and tracking and reporting capabilities for receipt and disbursement detail on a cumulative basis, spanning fiscal years.

PUBLISHED THE STATE'S FIRST ANNUAL FINANCIAL STATEMENT

The State of Montana Financial Report for Fiscal Year 1972 was the first annual financial statement published for the State.

PREPARED FOR THE GOVERNOR A "TAXPAYERS" BUDGET

The "taxpayers'" budget incorporated executive reorganization, a stable revenue base, and an acceptable growth pattern.

CONDUCTED A COMPREHENSIVE STUDY OF, AND PUBLISHED A REPORT ON, THE COMMUNICATIONS FACILITIES AND SYSTEMS USED BY STATE GOVERNMENT IN MONTANA

The report contains communications systems descriptions, plans, recommendations, and a complete equipment inventory.

INCREASED SUBSTANTIALLY THE USE AND EFFECTIVENESS OF THE DEPARTMENT'S COMPUTER CENTER

Computer services increased sixty-five percent over the previous fiscal year, which allowed the computer rate to be reduced over twenty-two percent during the same period. Also, a more cost effective computer was installed, which allows greater capacity at the same cost.

ESTABLISHED A CENTRALIZED EMPLOYMENT CLEARING HOUSE FOR THE STATE

The centralized "employment clearing house" concept results in time and money savings in that one bureau screens all applicants and refers only those qualified, based on agency requisitions, to the employing agency.

PROGRAM GOALS, OBJECTIVES, AND ACHIEVEMENTS

ACCOUNTING PROGRAM

GOAL . . . Provide an effective, efficient system for collecting, processing, and reporting State government financial information.

OBJECTIVES . . . Continue to streamline internal procedures to assure fast and accurate processing of financial transactions.

DEPARTMENT OF ADMINISTRATION

Provide timely and meaningful financial reports.

ACHIEVEMENTS . . . Maintained the Statewide Budgeting and Accounting System.

Issued the State's first published financial report, which reported on the fiscal year ended June 30, 1972.

Made prompt distribution of monthly financial records and reports, normally having all reports at the respective agencies by the third working day after month end.

Participated in the audit of the Workmen's Compensation Division.

ARCHITECTURE AND ENGINEERING PROGRAM

GOAL . . . Provide, on a timely basis, functional and aesthetically planned buildings and grounds that satisfy the present and future needs of State government at a reasonable cost.

OBJECTIVES . . . Develop and promulgate policies and regulations relative to the operation of the State's construction program.

Continue striving to adequately fund the State's construction program.

Continue planning, budgeting, reviewing, contracting, and supervising the State's construction program.

ACHIEVEMENTS . . . Developed a State Capitol Complex Planning Study with the cooperation of the Capitol Planning Commission and reported to the Forty-Third Legislative Assembly.

Published the first comprehensive annual financial report of the State's Building Program.

Instituted and administered Equal Employment Opportunity practices for workmen employed on State construction projects requiring same.

Handled 290 construction projects of which 215 were projects over \$10,000, totaling \$66,000,000.

BUDGETING PROGRAM

GOAL . . . Effectively assist the Governor in the planning, preparation, and administration of the State government's financial plan.

OBJECTIVES . . . Aid the Governor in determining and achieving his administration's financial goals.

DEPARTMENT OF ADMINISTRATION

Maintain an effective budget process through which units of State government may accomplish their stated goals within established parameters.

Maintain effective liaison with the legislative branch of State government concerning fiscal matters.

ACHIEVEMENTS . . . Prepared the 1973-75 Executive Budget for the Governor that incorporated the numerous changes required because of Executive Reorganization, the new accounting system, and program budgeting.

Implemented the recordation process for budget control within the Statewide Budgeting and Accounting System.

Developed an automated fiscal control monitoring system for legislative appropriation bills.

Prepared the Statewide Cost Allocation Plan and Pro Rata Plan for State government.

Developed a system where the initial appropriation and revenue estimate documents for Fiscal Year 1974 were computer generated, thereby saving many man-hours of manual input.

Prepared sixty-two fiscal notes which estimated the financial impact on various legislative money bills.

CENTRAL ADMINISTRATION PROGRAM

GOAL . . . Provide effective leadership in areas of fiscal administration to all agencies of State government and supervise and coordinate the various activities of the Department of Administration in an effective and efficient manner.

OBJECTIVES . . . Maintain a staff of professional, service-oriented personnel readily available to other departments to assist in the process of solving management problems.

Establish a comprehensive liability insurance program to cover all State employees and activities.

Improve communications and cooperation among the various units of the Department and thus increase efficiency and production throughout the Department and State government.

ACHIEVEMENTS . . . Reorganized the Department of Administration to make it more responsive to management's needs, the major change being the creation of the Personnel Division to coordinate all of the State's personnel activities, including those of the Merit System.

Established a comprehensive liability insurance program for all State government in compliance with recent legislation now that the State is no longer immune from tort liability action.

Completed an audit of the Workmen's Compensation Division of the Department of Labor and Industry for the Governor.

DEPARTMENT OF ADMINISTRATION

COMMUNICATIONS PROGRAM

GOAL . . . Ensure that all State agencies are provided essential communication services meeting their operational requirements at a minimum expense.

OBJECTIVES . . . Outline administrative procedures for efficient utilization and growth of the State's communications resources.

Plan and coordinate the State's communications facilities and systems with application of appropriate federal matching funds.

Develop a reliable emergency communications system.

ACHIEVEMENTS . . . Composed the first complete communications manual for the State to be included in the Montana Administrative Manual, setting forth policies, goals, and procedures pertaining to the State's communications facilities.

Conducted a comprehensive study of communications facilities and systems used within State government and published a report which contains communications system descriptions, plans, recommendations, and a complete equipment inventory.

Obtained federal matching funds for engineering research assistance to investigate the State's communications requirements regarding an integrated Statewide communications system.

Negotiated the acquisition of a military communications site near Lewistown for a fraction of the facility's cost.

DATA PROCESSING PROGRAM

GOAL . . . Provide effective, efficient, and economical data processing services to State agencies.

OBJECTIVES . . . Provide capable, efficient systems analysts and programmers to State agencies as required.

Operate and maintain established computer applications on a timely, efficient, and economical basis.

Develop a long-range plan for the development of data processing in the State.

ACHIEVEMENTS . . . Provided an unusually large increase in data processing services. This was particularly true of computer services, which increased sixty-five percent over the previous year. This increased usage allowed the computer rate to be reduced over twenty-two percent during the year.

Installed a more cost effective computer that allowed greater capacity at the same cost.

DEPARTMENT OF ADMINISTRATION

Prepared a comprehensive request for quotations to allow bidding by all computer manufacturers for installation of a larger computer system in the fall of 1973.

EMERGENCY AND DISASTER PROGRAM

GOAL . . . Expeditiously and effectively evaluate emergencies or disasters occurring in the State and provide financial assistance as justified.

OBJECTIVE . . . Evaluate emergency situations and make responsible recommendations to the Governor.

ACHIEVEMENT . . . Evaluated emergencies resulting in the authorization of financial assistance totaling \$177,257.

Glacier County snow conditions	\$ 4,060
Ravalli County flood, bridge and approach damage	173,197
	<u>\$177,257</u>

FIRE AND CASUALTY INSURANCE PROGRAM

GOAL . . . Provide uniform Statewide catastrophe insurance in compliance with Chapter 380, Session Laws of 1973, and assist State agencies in obtaining the specialized insurance necessary to meet their requirements.

OBJECTIVES . . . Continue to provide for the insurance requirements of the State and its various departments while working toward the establishment of an insurance fund which will eventually allow the State to self-insure certain risks or to negotiate for large deductibles.

Maintain an inventory of State buildings with current values through a continuing appraisal program.

ACHIEVEMENTS . . . Insured State buildings and contents for fire and extended coverages for \$201,102,700.

Obtained State fleet insurance covering 5,643 units at considerable savings to the State.

Obtained insurance for agencies with specific needs, including inland marine and all risk policies, leased equipment policies, and driver training vehicle policies.

Adjusted fire and Extended Coverage Endorsement losses.

Completed insurance appraisals of 249 State buildings as part of updating of values to comply with co-insurance requirements.

DEPARTMENT OF ADMINISTRATION

Made market appraisals of private property in the Capitol Complex area as part of a proposed long-range land acquisition program.

Made annual adjustment of boiler insurance policy and coordinated boiler inspection program.

GENERAL SERVICES PROGRAM

GOAL . . . Manage the physical facilities in the Capitol Complex area and the service functions assigned to the program.

OBJECTIVES . . . Maintain Capitol Complex area buildings and grounds.

Allocate office space in the Capitol Complex area fairly and equitably.

Improve the security over State property in the Capitol Complex area.

Provide fast, efficient, and economical duplicating, copying, messenger, and mail service in the Capitol Complex area.

Develop a realistic records management program for State government.

ACHIEVEMENTS . . . Further improved Capitol Complex area landscaping.

Improved the security in the Capitol Complex area.

Initiated the development of a realistic records management system.

GOVERNOR ELECT PROGRAM

GOAL . . . Provide funds for staff and services to the Governor Elect during the interim period between the election date and inauguration date.

OBJECTIVE . . . Allow for a smooth transition between the outgoing administration and the newly elected administration.

INTERGOVERNMENTAL PERSONNEL PROGRAM

GOAL . . . Provide effective, innovative, and progressive personnel management to meet present and future requirements of the State.

OBJECTIVES . . . Establish a Statewide position classification and compensation plan for submission to the 1975 Legislature.

DEPARTMENT OF ADMINISTRATION

Develop a uniform body of personnel rules, regulations, policies, and forms to assist in the application of sound personnel practices.

Systematize and refine personnel recruitment, screening, selection, and referral to insure the employment of the best qualified applicants for employment with the State.

Eliminate employment discrimination by evaluating applicants on the basis of job-pertinent individual differences and not on the basis of extraneous factors such as race, religion, national origin, or sex.

Develop opportunities for the disadvantaged in State government by restructuring jobs so that unskilled workers can be hired and trained to fill them.

Develop a viable and equitable performance evaluation system as a means of objectively promoting and retaining employees based on proven performance and potential.

Provide continuous training for all levels of State employees in a wide spectrum of curricula based on identified needs.

ACHIEVEMENTS . . . Established the foundation for a position classification and compensation plan.

Drafted uniform personnel rules and regulations to be published as a Personnel Chapter to the Montana Administrative Manual.

Eliminated unnecessary and obsolete personnel forms and redesigned and updated minimum essential forms.

Established a centralized "employment clearing house" for State employers with job openings and applicants seeking State employment.

Began collecting data for the completion of the Equal Employment Opportunity Commission's EEO-4 Report which, upon completion, will enable a precise evaluation of employment practices in State government.

Secured and/or upgraded employment of sixty-six disadvantaged persons who, without Public Service Careers Project training and supportive services, would not have been employed.

Conducted a variety of training sessions during the fiscal year in such subjects as supervisory development, personnel legislation, collective bargaining, and personnel classification. Approximately 300 persons received this training.

LEGISLATIVE LIAISON PROGRAM

GOAL . . . Keep members of the Legislature informed during the interim between legislative sessions.

DEPARTMENT OF ADMINISTRATION

OBJECTIVE . . . Finance applicable costs of legislators involved in studying or reviewing developments occurring between legislative sessions.

MANAGEMENT SYSTEMS PROGRAM

GOAL . . . Make the business of managing State government more efficient, effective, and economical.

OBJECTIVES . . . Continue development and perfection of the Statewide Budgeting and Accounting System, which will minimize the maintenance of financial records at the agency level, enhance management information, and improve financial controls for the State.

Assist agencies with management consulting services as needed to identify and solve management's operational problems through application of creative and progressive management practices.

Design and implement a Statewide payroll-personnel information system that provides meaningful managerial reports, maintains a complete employee data base, facilitates position control procedures, and that is integrated with the Statewide Budgeting and Accounting System.

ACHIEVEMENTS . . . Perfected the Phase II implementation of the Statewide Budgeting and Accounting System including the following refinements:

Improved and simplified the procedures for processing dishonored checks.

Streamlined the procedures for updating the information base of the Statewide Budgeting and Accounting System, resulting in a seventy percent reduction of paper flow.

Improved the warrant cancellation procedures, resulting in a sixty percent reduction of paper flow.

Assisted agencies in converting from manual and/or automated decentralized financial records to the Statewide Budgeting and Accounting System.

Implemented additional features of the Statewide Budgeting and Accounting System including the following

Automated approximately seventy percent of the year-end closing transactions.

Automated an accrual control subsystem (control over the liquidation of liabilities relating to a prior fiscal period) to avert the payment of unauthorized accruals.

Added the capability to track and report receipt and disbursement detail on a cumulative basis, spanning fiscal years. This feature has several applications of which the most notable is to satisfy federal reporting requirements.

DEPARTMENT OF ADMINISTRATION

Developed subsidiary detail ledger accounting capabilities for an entity's cash in the State Treasury.

Conducted six one-day training classes for approximately 300 agency accountants and financial managers. The classes, conducted with the assistance of the Accounting Bureau staff, concentrated on the financial records and reports produced by the Statewide Budgeting and Accounting System.

Prepared the Governor's Annual Report for Fiscal Year 1972 which contained a condensed and uniform report on the newly reorganized executive branch.

PURCHASING PROGRAM

GOAL . . . Obtain quality supplies, materials, and services for the operation of all State agencies at the lowest possible costs through effective and meaningful management and control of all purchasing activities.

OBJECTIVES . . . Develop and promote standards and specifications for State government procurement.

Strive for better understanding and effectiveness of the purchasing function in the structure of State government.

Buy without prejudice, seeking to obtain the maximum ultimate value for each dollar of expenditure.

Counsel and assist other State purchasing personnel in the performance of their duties.

ACHIEVEMENTS . . . Instituted conferences at agency levels with all agency personnel involved with purchasing where full explanations were given of purchasing laws, policies, and procedures in order to better understanding between each agency and the Purchasing Bureau.

Used recycled and reconstituted paper on letterhead and printing contracts.

Helped get the conflict of interest laws amended where they relate to public employees when the contracts are awarded based on auction or competitive bids.

Established a term contract for office furniture which is estimated to result in approximately 2,000 fewer purchase orders being processed per year.

DEPARTMENT OF ADMINISTRATION

PROGRAM COST SUMMARY

	Expenditures FY 1973	Expenditures FY 1972	Increase (Decrease) in FY 1973
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SUMMARY BY PROGRAM

Department of Administration

Accounting Program	\$ 339,842	\$ 217,232	\$ 122,610 (1)
Architecture and Engineering Program	11,985,830	13,871,347	(1,885,517) (2)
Budgeting Program	144,900	140,085	4,815
Central Administration Program	79,588	77,692	1,896
Communications Program	54,404	21,838	32,566 (3)
Data Processing Program	1,177,581	855,448	322,133 (4)
Emergency and Disaster Program	177,257	103,191	74,066
General Services Program	1,421,764	1,264,697	157,067
Governor Elect Program	25,766	0	25,766
Intergovernmental Personnel Program	142,252	62,503	79,749 (5)
Legislative Liaison Program	4,109	2,199	1,910 (6)
Management Systems Program	124,000	158,021	(34,021) (7) (7)
Purchasing Program	140,658	127,208	13,450
Total Summary by Program	\$ 15,817,951	\$ 16,901,461	\$ (1,083,510)

SUMMARY BY CATEGORY

Personal Services	\$ 1,549,366	\$ 1,228,027	\$ 321,339
Operating Expenses	2,573,844	2,118,237	455,607
Equipment	65,288	38,391	26,897
	4,188,498	3,384,655	803,843
Capital Outlay	11,422,970	13,383,668	(1,960,698)
Local Assistance	188,164	133,138	55,026
Grants	18,319	0	18,319
Total Summary by Category	\$ 15,817,951	\$ 16,901,461	\$ (1,083,510)

SUMMARY OF FUNDING

General Fund	\$ 1,770,415	\$ 1,470,165	\$ 300,250
Earmarked Revenue Fund	238,000	182,387	55,613
Federal and Private Revenue Fund	1,899,822	1,362,609	537,213
Bond Proceeds and Insurance Clearance Fund	3,662,034	8,030,201	(4,368,167)
Revolving Fund	8,247,680	5,856,099	2,391,581
Total Summary of Funding	\$ 15,817,951	\$ 16,901,461	\$ (1,083,510)

1 Increase due to additional data processing costs in conjunction with the operation of the Statewide Budgeting and Accounting System.

2 Costs shown reflect Fire and Casualty Insurance Program and Architecture and Engineering Program combined.

3 Large variance due to the FY 1972 costs representing only approximately six months' operations since the Communications Bureau began operations in January, 1972.

4 Increase due to increase in demand for data processing services created primarily by the following:

- a. Automated legislative bill drafting
- b. New Statewide Budgeting and Accounting System
- c. Major welfare applications
- d. New income tax processing system
- e. Increased payroll processing requirements

5 Increase due primarily to an increase in funding level of the Intergovernmental Personnel Act federal grant.

6 Increase due to Fiscal Year 1973 being a year in which the Legislative Assembly convened.

7 Decrease due to a reduction in data processing costs, since the development of the Statewide Budgeting and Accounting System was primarily completed in Fiscal Year 1972.

